

BOB MILLER
Governor

STATE OF NEVADA
PUBLIC SERVICE COMMISSION OF NEVADA
State Office Building
555 E. Washington Avenue, Room 4600
Las Vegas, Nevada 89101
(702) 486-2630

Commissioners:
JOHN F. MENDOZA
Chairman

JO ANN KELLY
MICHAEL A. PITLOCK
GALEN D. DENIO
JUDY M. SHELDREW



TIMOTHY HAY
Counsel

WILLIAM H. VANCE
Secretary

RECEIVED

MAR 10 1995

FCC MAIL ROOM

DOCKET FILE COPY ORIGINAL

Office of the Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: CC Docket No. 94-158
FCC 94-352

Dear Sir or Madam:

Please find enclosed the original and ten copies of the comments of the Public Service Commission of Nevada for filing in the above-referenced docket. Please distribute a personal copy of these comments to each Commissioner. In addition, please return a file-stamped copy to me in the enclosed self-addressed, stamped envelope.

Thank you for your time and consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "John F. Mendoza", is written over the typed name and title.

JOHN F. MENDOZA
Chairman

Enclosure

No. of Copies rec'd 029
List A B C D E

CONSUMER DIVISION:

Carson City/Reno—687-6000

• Las Vegas—486-2600

• Other Areas—800-992-0900, Ext. 87-6000

(0)-4608

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of Proposed)
Changes to Commission Rules)
and Policies Governing) CC Docket No. 94-158
Operator Service Providers) FCC 94-352
and Call Aggregators)

RECEIVED

MAR 9 1995

DOCKET FILE COPY ORIGINAL

FCC MAIL ROOM

COMMENTS OF THE

PUBLIC SERVICE COMMISSION OF NEVADA

March 8, 1995

Submitted by:

John F. Mendoza, Chairman
Public Service Commission of Nevada
The Sawyer Building
555 East Washington Street, Room 4600
Las Vegas, Nevada 89101
(702) 486-2630

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Proposed)
Changes to Commission Rules)
and Policies Governing)
Operator Service Providers)
and Call Aggregators)

CC Docket No. 94-158
FCC 94-352

RECEIVED

MAR 08 1995

FCC MAIL ROOM

COMMENTS

The Public Service Commission of Nevada ("Nevada PSC") respectfully submits these comments in response to the Notice of Proposed Rule Making and Notice of Inquiry ("Notice") adopted by the Federal Communications Commission ("FCC") on December 28, 1994, and released by the FCC February 8, 1995.

The Notice sets forth proposed changes in FCC regulations for operator service providers and call aggregators. The Notice also requests comments on whether correctional facilities providing inmate telephones should be excluded from the definition of "aggregator" under the Telephone Operator Consumer Services Improvement Act of 1990 ("TOCSIA") and therefore not subject to the FCC's regulations implemented pursuant to TOCSIA. The Nevada PSC's comments respond only to that portion of the Notice relating to inmate telephones.

The Nevada PSC has proposed regulations regarding inmate telephones. These proposed regulations have been revised and proposed again several times. With each set of revised proposed regulations, the Nevada PSC holds a hearing and takes comments on the regulations from interested persons. Over the course of several hearings related to inmate telephones, it has become apparent to the Nevada PSC that reasonable regulation of inmate telephones is necessary to protect the public interest.

Because of the nature of providing telephone service to inmates, all of the confinement service providers that have offered comments to the Nevada PSC bill the person who received the call from the inmate. It has been suggested to the

Nevada PSC that the market for inmate calls is competitive because the confinement facilities have a number of confinement service providers from which to choose. The Nevada PSC believes that, where the person paying for the call has no choice other than to accept or refuse the call at unregulated rates, the market is not "competitive" in any meaningful sense of that word. The Nevada PSC recognizes that the FCC will determine whether inmate telephones will be regulated by the FCC's construction of the definition of "aggregator" in TOCSIA. The Nevada PSC, however, believes that the FCC should take into consideration the non-competitive nature of inmate telephones in its construction of that definition.

Further, the Nevada PSC has received complaints about excessive rates charged by confinement service providers for telephone calls from inmates. Some of the complaints relate to billing practices. Those who filed the complaints seem frustrated over having no recourse to challenge the rates or obtain forthright answers on the nature of the charges.

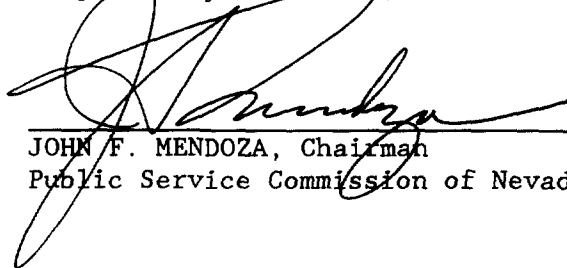
Based upon the hearings that the Nevada PSC has held related to inmate telephones, it appears that the confinement facilities attain telephone service for the inmates by contracting with private confinement service providers. These confinement service providers most often employ automated operator systems to process the calls from the inmates. The confinement facilities most often choose their confinement service provider from among those that respond in a request-for-proposal process. The terms of the confinement facility's request for proposal almost invariably require in the response some type of cash incentive, or "commission," to be paid by the confinement service provider to the confinement facility as part of the contract. The confinement facilities claim that the commissions are designated and used for purposes other than the

provision of telecommunications service, such as the inmate commissary fund. When choosing an appropriate confinement service provider, the confinement facilities consider the technological capabilities of each responding confinement service provider but also take into account the amount of the commission that the responding confinement service provider has offered.

The Nevada PSC believes that the use of commissions in the contracting process may result in inflated rates not reflective of the costs of service incurred by the confinement service provider. Because there are no competitive alternatives for those who pay the charges for calls from inmates, the FCC should view the commissions as further justification for regulating inmate telephones.

Based on the foregoing, the Nevada PSC believes that it is in the public interest to include confinement service providers in the definition of "aggregators" under TOCSIA and to regulate the rates and terms of the service of those providers.

Respectfully submitted,



JOHN F. MENDOZA, Chairman
Public Service Commission of Nevada